

audited group results for the year ended 30 June 2009



financial highlights

(based on a comparable 52 weeks of last year)

- turnover up 7.2%
- adjusted HEPS up 13.9%
- cash distribution per share of 53.5 cents
- strong balance sheet

commentary

Group results

The results for the period are impacted by the disposal of a controlling interest of Woolworths Financial Services on 1 October 2008 and that the trading period is 52 weeks whilst last year included 53 weeks.

Group turnover grew by 7.2% on a comparable 52 weeks; 5.5% (52:53).

Gross margin increased from 31.2% to 31.5%. The higher contribution of food sales at a lower margin has been offset by an improved Woolworths clothing and general merchandise margin as a result of focused sourcing and good stock management.

Profit before tax and exceptional items decreased by 4.8% impacted by an unrealised foreign exchange loss, the extra trading week in June 2008 and the non-comparable Woolworths Financial Services business. This is included in full in the first quarter and is equity-accounted as joint venture in the remaining nine months.

Headline earnings per share ("HEPS") decreased 4.9% for the period. After adjusting for the R75m STC charge on the special dividend and the after tax unrealised foreign exchange loss of R57m, adjusted headline earnings per share ("HEPS") increased by 7.6% on the previous year to 126.0 cents. On a comparable 52 weeks last year, adjusted HEPS increased by 13.9%.

Return on equity based on adjusted headline earnings, increased from 28.0% to 30.3%.

Following the Woolworths Financial Services transaction, the Company has returned cash to shareholders in the form of a special dividend of R750m and open market share repurchases of R316.6m. We remain with a strong balance sheet and consequently further share repurchases will be considered.

Our policy on distributions is to maintain a cover of 1.5 times earnings.

A final ordinary distribution of 53.5 cents per share has been declared. The total distribution per ordinary share for the year amounts to 179.0 cents, which includes the special dividend.



WOOLWORTHS
the difference

operating review

Woolworths retail (comparable on a 52:52 week basis)

Overall sales grew by 5.7%. Conditions were tough for most of the year, but consumers have seen some relief in the second half with reductions in interest rates. Our sales growth showed improvement in the fourth quarter.

Clothing and general merchandise sales increased by 0.4%, with our customers favouring our value lines. Average price movement for the year was 2.5%, despite a softer exchange rate in the second half.

Food sales increased by 9.3%. Our repositioned prices and ongoing promotional strategies have improved customers price perception of our food business. Price movement of 8.2% was lower than inflation for the period.

Costs were well controlled despite a space growth of 6.4%.

Profit before tax excluding the unrealised foreign exchange loss increased by 4.7%.

The space growth slowed down compared to previous years, with an increase on last year of 3.5% in clothing and general merchandise space and 11.0% in food space. We opened 7 full-line stores and 15 food stand-alone stores in the year.

Woolworths financial services

Customers are purchasing less on credit but are extending their credit terms and benefiting by the lowering of interest rates.

The closing debtors books at 30 June 2009 were 6.4% up on the prior year. Bad debts were controlled, with an impairment charge as a percentage of average gross receivables of 7.5% (June 2008: 9.5%).

Country Road

COUNTRY ROAD

Country Road showed good growth in a tough Australian market with a sales increase of 18.4% and a profit before tax growth of 49.8% in Australian dollars.

Having successfully repositioned our value proposition for the middle and upper income consumer, we are now appealing to a broader customer base that has become more discerning in a slowing economy.

Country Road has recently been awarded the Australian Retailers Association award for overall retailer of the year.

Outlook

We are conscious that the economic conditions will remain tough throughout the year.

We believe that we have a better positioned merchandise offer, without any compromise to our quality. We will remain focused on managing costs and controlling our stock throughout this period. The improvement in sales experienced in the fourth quarter has continued into the first eight weeks of this year.

Leadership and board appointments

The directors are pleased to announce that:

Simon Susman will retire as Chief executive officer of Woolworths in November 2010 having reached retirement age. To retain his extensive international and local retail knowledge he will assume a newly created position of non-executive deputy Chairman effective from November 2010.

Ian Moir, the Chief executive officer of Country Road, who has led the significant turnaround at Country Road will be appointed Managing director retail and Chief executive officer-elect of Woolworths effective 1 January 2010. He will succeed Simon in November 2010. An appointment of Chief executive officer in Country Road will be made in due course.

These appointments will provide the Group with continuity into the future.

In the event that the deputy Chairman is appointed Chairman in the future, a lead independent non-executive director will be appointed.

Andrew Jennings, Managing director retail, having concluded his three-year management contract on 31 December 2009, has advised us of his desire to return to the global retail stage to pursue new opportunities. Since joining us Andrew has been a tireless agent of change, a champion of our brand and has contributed significantly to the Group through the achievement of higher standards of performance and setting a strong foundation for the future.

The directors are further pleased to announce the following:

Lindiwe Mthimunya-Bakoro and Namhla Thina Siwendu have been appointed non-executive directors of Woolworths Holdings Limited with immediate effect.

Lindiwe Mthimunya-Bakoro is a Chartered Accountant with primary experience in investment banking.

Thina Siwendu holds a B Soc. Sc (Hons) and LLB degree. She heads her own legal firm and specialises in corporate governance and corporate law.

These appointments will bring additional skills to the board and its committees and add to the spread of age, gender and diversity.

Trading statement

The directors would like to highlight that the profit of R380m earned on the disposal of a 50% plus one share of Woolworths Financial Services to ABSA Group Limited on 1 October 2008 will continue to impact the results of the six months ended December 2009.

Consequently, earnings per share ("EPS") will be more than 20% lower than the results for the corresponding period of the previous year. It is however not yet possible to quantify the impact on EPS within the 20% range required by the JSE Limited Listings Requirements ("JSE Listings Requirements") with a reasonable degree of certainty nor to provide guidance on headline earnings per share ("HEPS").

A further trading statement will be issued later in the reporting period and provide earnings forecast ranges for EPS and HEPS as required by the JSE Listings Requirements.

DA Hawton
Chairman

SN Susman
Chief executive officer

Cape Town, 26 August 2009

notice of distribution

Notice is hereby given that the directors have resolved to make a cash distribution of 53.5 cents per ordinary share in lieu of the final dividend for the year ended 30 June 2009 out of the Company's share premium account, if shareholders in general meeting pass the requisite resolutions authorising the directors to allot and issue ordinary shares, for cash, to the Company's wholly-owned subsidiary, Woolworths (Proprietary) Limited.

If, however, such authority is not obtained from the shareholders a final dividend of 53.5 cents per ordinary share for the year ended 30 June 2009 will be paid.

The salient dates for the distribution or dividend will be as follows:

Last day to trade to receive the distribution or dividend	Thursday, 17 September 2009
Shares trade "ex" the distribution or dividend from	Friday, 18 September 2009
Record date for the distribution or dividend	Friday, 25 September 2009
Payment date	Monday, 28 September 2009

Share certificates may not be dematerialised or rematerialised between Friday, 18 September 2009 and Friday, 25 September 2009 (both days inclusive).

In accordance with the Company's articles of association a distribution or dividend amounting to less than R5.00 due to any one holder of the Company's ordinary shares held in certificated form will not be paid, unless otherwise requested in writing, but will be aggregated with other such amounts and will be donated to a charity nominated by the directors.

A circular, incorporating a notice convening a general meeting of shareholders, which contains details of the proposal to allot and issue shares to the Company's subsidiary, Woolworths (Proprietary) Limited has been despatched to shareholders. Shareholders are further referred to the separate cash distribution announcement published on SENS and in the press which contains full details of the cash distribution, including the financial effects thereof.

A final cash dividend of 12.3 cents per preference share for the six months ended 30 June 2009 will be paid to the beneficiaries of the Woolworths Employee Share Ownership Scheme on 28 September 2009.

CL Lowe

Group secretary

Cape Town, 26 August 2009

director and statutory information

Non-executive directors:

Buddy Hawton (Chairman), Peter Bacon (British), Nigel Colne (British), Brian Frost, Mike Leeming, Chris Nissen, Sindi Zilwa

Executive directors:

Simon Susman (CEO), Andrew Jennings (British), Zyda Rylands, Norman Thomson

Group secretary: Cherrie Lowe

Share code: WHL ISIN: ZAE000063863

Registered address (postal and physical):

PO Box 680, Cape Town 8000
Woolworths House, 93 Longmarket Street
Cape Town 8001

Registration number: 1929/001986/06

Auditors: Ernst & Young Inc and SAB & T Inc

Bankers: The Standard Bank of South Africa Limited

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries:

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg 2001

consolidated income statement

Year ended June		2009	Restated 2008	% change
	Note	Rm	Rm	
Revenue		21 922.3	21 752.5	0.8
Turnover		21 175.0	20 064.9	5.5
Cost of sales		14 501.1	13 798.3	5.1
Gross profit		6 673.9	6 266.6	6.5
Other revenue		747.3	1 687.6	(55.7)
Expenses		5 783.7	5 955.0	(2.9)
Store costs		3 481.9	3 118.1	11.7
Net bad debts and bad debt provisions		134.2	584.3	(77.0)
Other operating costs		2 167.6	2 252.6	(3.8)
Operating profit		1 637.5	1 999.2	(18.1)
Finance costs		281.2	502.5	(44.0)
Earnings from joint ventures		58.1	–	–
Earnings from associate		11.7	1.0	–
Profit before exceptional item		1 426.1	1 497.7	(4.8)
Exceptional item	8	380.0	–	–
Profit before tax		1 806.1	1 497.7	20.6
Tax	4	546.3	552.5	(1.1)
Profit after tax		1 259.8	945.2	33.3
Attributable to:				
Shareholders of the parent		1 247.7	936.7	33.2
Minority shareholders		12.1	8.5	42.4
Reconciliation of headline earnings				
Earnings attributable to shareholders of the parent		1 247.7	936.7	33.2
BEE preference dividend paid		(8.6)	(6.7)	–
Basic earnings		1 239.1	930.0	–
Profit on disposal of controlling interest in subsidiary		(380.0)	–	–
Loss on disposal of property, plant and equipment		3.5	0.8	–
Total tax impact of adjustments		(1.0)	(0.2)	–
Headline earnings		861.6	930.6	(7.4)
Unrealised foreign exchange loss		56.9	(2.1)	–
STC on share repurchase		–	20.0	–
STC on special dividend		75.0	–	–
Adjusted headline earnings*		993.5	948.5	4.7
Headline earnings per share (cents)		109.3	114.9	(4.9)
Earnings per share (cents)	5	157.2	114.8	36.9
Adjusted headline earnings per share (cents)		126.0	117.1	7.6
Adjusted headline earnings per share based on 52 weeks' comparative basis (cents)		126.0	110.6	13.9
Diluted headline earnings per share (cents)		107.5	112.1	(4.1)
Diluted earnings per share (cents)	5	154.0	112.0	37.5
Adjusted diluted headline earnings per share (cents)		123.7	114.3	8.2
Distribution per ordinary share (cents)				
– ordinary		85.0	79.0	7.6
– special		94.0	–	100.0
Distribution cover (based on headline earnings per share excluding special dividend)		1.3	1.5	(13.3)
Distribution per preference share (cents)		17.3	11.1	55.9
Number of shares in issue (millions)		774.7	795.5	(2.6)
Weighted average number of shares in issue (millions)		788.3	809.9	(2.7)

* Adjusted headline earnings for the prior year has been restated to exclude the BEE IFRS 2 charge as it is now comparable.

GROUP ANALYSIS

Revenue		2009	2008	% change
	Note	Rm	Rm	
Turnover		21 175.0	20 064.9	5.5
Woolworths		18 839.2	18 146.5	3.8
– Clothing and home		7 321.6	7 409.8	(1.2)
– Foods		11 126.1	10 360.3	7.4
– Logistics services and other		391.5	376.4	4.0
Country Road		2 335.8	1 918.4	21.8
Interest		560.6	1 359.8	(58.8)
Other revenue		186.7	327.8	(43.0)
		21 922.3	21 752.5	0.8
Operating profit		1 498.4	1 897.2	(21.0)
Woolworths		139.1	102.0	36.4
Country Road		1 637.5	1 999.2	(18.1)

consolidated cash flow statement

Year ended June		2009	Restated 2008
	Note	Rm	Rm
Cash flow from operating activities			
Cash inflow from trading		1 650.6	1 307.8
Working capital movements		67.3	(330.3)
Cash applied to financial services assets		20.6	(24.4)
Cash generated by operating activities		1 738.5	953.1
Interest received		549.5	1 351.1
Finance costs paid		(312.0)	(489.7)
Tax paid		(370.3)	(747.0)
Cash generated by operations		1 605.7	1 067.5
Dividends received from associate		1.2	1.1
Normal dividend to shareholders		(654.8)	(635.5)
Net cash inflow from operating activities		952.1	433.1
Cash flow from investing activities			
Net investment in PPE		(614.2)	(562.2)
Proceeds on disposal of controlling interest in subsidiary	8	875.0	–
Replacement of WFS debt funding by joint venture partner	8	2 908.8	–
Cash disposed on sale of controlling interest in subsidiary	8	(535.1)	–
Costs incurred on disposal of controlling interest in subsidiary	8	(48.1)	–
Other		38.5	58.1
Net cash inflow/(outflow) from investing activities		2 624.9	(504.1)
Cash flow from financing activities			
Shares issued		25.6	20.4
Repurchase of shares		–	(200.0)
Repurchase of treasury shares		(316.6)	–
Special dividend to shareholders		(750.0)	–
Notes redeemed		–	(436.0)
BEE transaction costs		–	(3.0)
Share repurchase costs		(5.0)	–
Payment of finance lease liabilities		(9.1)	(7.9)
Long-term borrowings raised		–	1 500.0
Long-term borrowings repaid		–	(500.0)
Net cash (outflow)/inflow from financing activities		(1 055.1)	373.5
Increase in cash and cash equivalents		2 521.9	302.5
Cash and cash equivalents at the beginning of the year		(90.7)	(422.6)
Effect of foreign exchange rate changes		(40.1)	29.4
Cash and cash equivalents at the end of the year		2 391.1	(90.7)
GROUP ANALYSIS			
Cash inflow from trading		1 650.6	1 307.8
Woolworths		1 448.4	1 153.7
Country Road		202.2	154.1
Gross capital expenditure		753.0	638.4
Woolworths		610.5	538.9
Country Road		142.5	99.5

NOTES

1 Basis of preparation

The abridged group financial statements comply with IAS 34 Interim Financial Reporting. These abridged financial statements do not contain all the information and disclosures required in the annual financial statements. Accounting policies used in the abridged consolidated financial statements are the same as those used to prepare the group annual financial statements.

2 Significant accounting policies

The accounting policies applied are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 30 June 2008, except for the adoption of the following IFRS and IFRIC interpretations and amendments that became effective during the current period, which had no significant impact on the reported results:

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions
- IAS 39 and IFRS 7 Amendments – Reclassification of Financial Assets
- IAS 18 Revenue – amendment

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate have been early adopted and had no impact on the reported results.

3 Reclassification of comparative figures

Internally generated distribution costs previously included in other operating costs are included in cost of sales.

Total operating costs are disclosed based on function. Previously, operating costs were disclosed under the categories: depreciation, employment, occupancy, net bad debts and bad debt provisions, and other operating costs.

Net interest received is disclosed as a separate segment. Previously, net interest received was disclosed as part of Woolworths retail.

None of these reclassifications had an impact on reported results.

4 Tax

The effective tax rate of 30.2% (2008: 36.9%) is higher than the standard rate of normal tax mainly due to the impact of STC incurred on the special dividend, STC on the normal dividends and the non-deductible IFRS 2 charge arising from the group's BEE employee share ownership and executive share incentive schemes, off-set by the impact of the exceptional item.

5 Earnings per share

The difference between earnings per share and diluted earnings per share is due to the impact of outstanding options under the group share incentive schemes and preference shares issued in terms of the BEE employee share ownership scheme.

6 Property, plant and equipment and intangible assets

During the year, the group acquired assets with a cost of R753.0m (2008: R638.4m).

Assets with a net book value of R94.4m (2008: R70.7m) were disposed of by the group during the same period, resulting in a loss before tax of R35m (2008: R0.8m).

7 Issue and repurchase of shares

During the year, 5 595 343 (2008: 4 074 229) ordinary shares were issued in terms of the group's executive share incentive scheme.

86 871 694 (2008: nil) treasury shares amounting to R891.1m held by E-Com (Proprietary) Limited were repurchased and cancelled.

26 384 969 (2008: nil) shares to the value of R316.6m were repurchased from the market by E-Com (Proprietary) Limited and are held as treasury shares by the group. In 2008, 17 872 545 ordinary shares amounting to R200m were repurchased.

consolidated balance sheet

As at June		2009	Restated 2008
	Note	Rm	Rm
ASSETS			
Non-current assets		3 436.4	2 793.1
Property, plant and equipment	6	1 936.9	1 810.5
Investment property		120.8	120.8
Investment in associate		35.5	25.0
Investment in joint ventures		534.1	–
Intangible assets	6	350.5	274.3
Prepaid employment costs		37.0	45.5
Participation in export partnerships		65.4	66.3
Other loans		126.2	153.6
Derivative financial instruments		–	3.1
Deferred tax		230.0	294.0
Current assets		4 868.7	3 023.7
Inventories		1 722.7	1 371.4
Trade and other receivables		745.2	697.4
Derivative financial instruments		5.8	30.0
Tax		3.9	99.3
Cash		2 391.1	825.6
Assets of disposal group classified as held for sale	8	–	5 440.0
Total assets		8 305.1	11 256.8
EQUITY AND LIABILITIES			
Capital and reserves		3 071.9	3 577.8
Interest of shareholders of the parent		3 024.7	3 525.7
Minority shareholders' interest		47.2	52.1
Non-current liabilities		2 341.5	2 271.8
Interest-bearing borrowings		1 531.6	1 503.7
Operating lease accrual		456.8	450.0
Derivative financial instruments		15.7	–
Post-retirement medical aid liability		272.1	251.2
Deferred tax		65.3	66.9
Current liabilities		2 891.7	3 205.1
Trade and other payables		2 372.8	1 990.7
Provisions		250.4	213.3
Derivative financial instruments		141.6	27.0
Tax		111.7	53.5
Overdrafts and short-term interest-bearing borrowings		15.2	920.6
Liabilities of disposal group classified as held for sale	8	–	2 202.1
Total equity and liabilities		8 305.1	11 256.8
Net asset book value – per share (cents)		390.4	443.2
GROUP ANALYSIS			
Total assets		8 305.1	11 256.8
Woolworths		7 468.5	10 515.6
Country Road		836.6	741.2
Inventories		1 722.7	1 371.4
Woolworths		1 474.0	1 154.0
Country Road		248.7	217.4
Approved commitments for capital expenditure		623.8	681.2
Woolworths		473.1	486.1
Country Road		150.7	195.1

consolidated statement of changes in equity

Year ended June	Equity attributable to shareholders of the parent	Minority shareholders interest	Total 2009	Total 2008
	Note	Rm	Rm	Rm
Shareholders' interest at the beginning of the year		3 525.7	52.1	3 577.8
Movements for the year:				
Issue of shares	7	25.6	–	25.6
Shares repurchased	7	(316.6)	–	(316.6)
Share repurchase costs		(5.0)	–	(5.0)
BEE transaction costs		–	–	(3.0)
Dividends paid to shareholders		(1 399.2)	(5.6)	(1 404.8)
Share-based payments		70.0	–	70.0
Total income and expense for the year		1 124.2	0.7	1 124.9
Total income and expense for the year recognised directly in equity		(123.5)	(11.4)	(134.9)
Net fair value adjustments on financial instruments		(51.0)	(2.9)	(53.9)
Exchange differences on translation of foreign subsidiaries		(72.5)	(8.5)	(81.0)
Profit for the period		1 247.7	12.1	1 259.8
Shareholders' interest at the end of the year		3 024.7	47.2	3 071.9

segmental analysis

Year ended June		2009	Restated 2008	% change
		Rm	Rm	
Revenue				
Retail				
Woolworths		18 931.5	18 220.6	3.9
Country Road		2 353.1	1 939.3	21.3
Financial services		473.7	1 662.9	(71.5)
Net interest received		184.4	20.5	799.5
Intra-group		(20.4)	(90.8)	–
Total group		21 922.3	21 752.5	0.8
Profit before tax and exceptional item				
Retail				
Woolworths		1 108.7	1 218.6	(9.0)
Country Road		138.3	101.0	36.9
Financial services (to 30 September 2008)		71.8	158.0	(54.6)
Share of earnings from joint venture (from 1 October 2008)		57.4	–	–
Net interest received		49.9	20.1	148.3
Total group		1 426.1	1 497.7	(4.8)
Return on equity (based on adjusted headline earnings)				
			%	%
Retail				
Woolworths		43.3	51.4	–
Country Road		22.5	18.1	–
Financial services*		–	10.0	–
Total group		30.3	28.0	–

* Return on equity for Woolworths Financial